

The slide features two decorative elements made of overlapping blue triangles. One is a solid blue triangle on the left, and the other is a complex arrangement of various shades of blue triangles on the right.

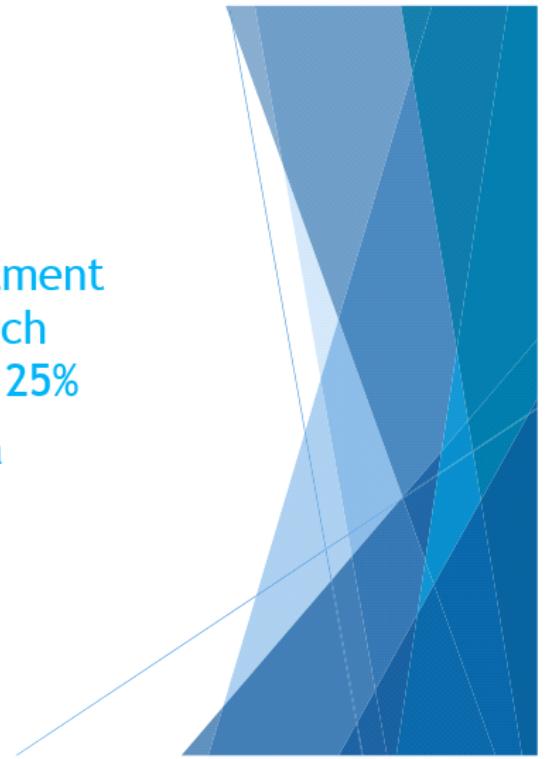
Blue Ribbon Task Force Recommendations: Funding Formula

Recommendations for New Funding Formula

- ▶ Adopt a new formula based on a statewide target for statewide average teacher salary of \$48,000 and maintain the average statewide student-to-teacher ratio at approximately 14:1.
 - ▶ *After discussions, Gov recommended \$48,500*
- ▶ Replace current small school adjustment with a sliding scale, depending on school enrollment, for the target student-to-teacher ratio.
- ▶ Retain the current statutory minimum inflation factor of 3% or inflation, whichever is less in the new formula.
- ▶ Reevaluate teacher salaries every three years to assure they remain competitive with surrounding states.

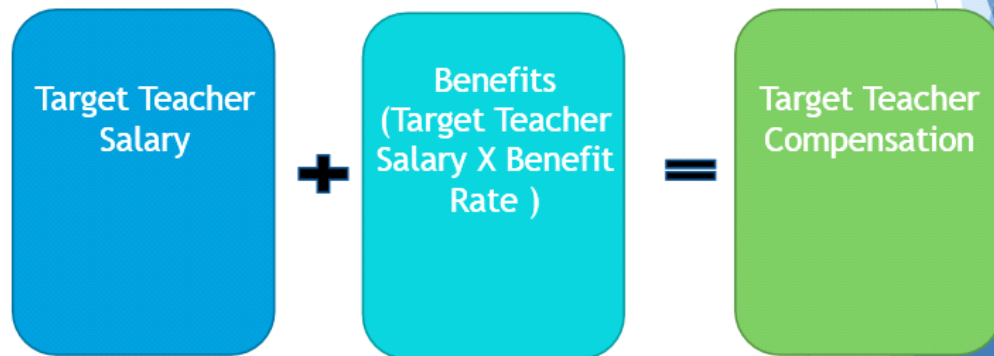
Funding Formula Continued

- ▶ Limited English Proficiency Adjustment would continue to be based on each student counting as an additional 25%
- ▶ No change to the sparsity formula



A Shift in Focus

The proposed formula shifts the discussion from funding per pupil to funding of teachers.



Try It!

Target Teacher Salary = \$48,500

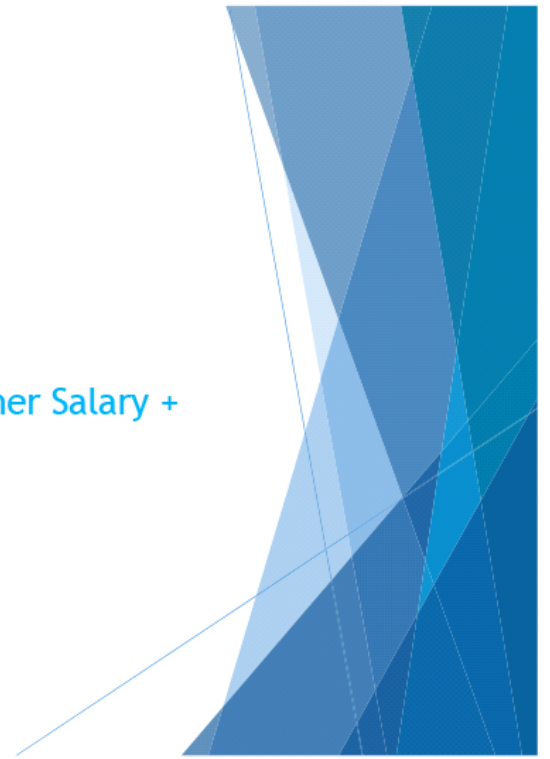
Benefit Rate = 29%

Target Teacher Compensation = Target Teacher Salary +
(Target Teacher Salary X Benefit Rate)

TTC = \$48,500 + (\$48,500 X 29%)

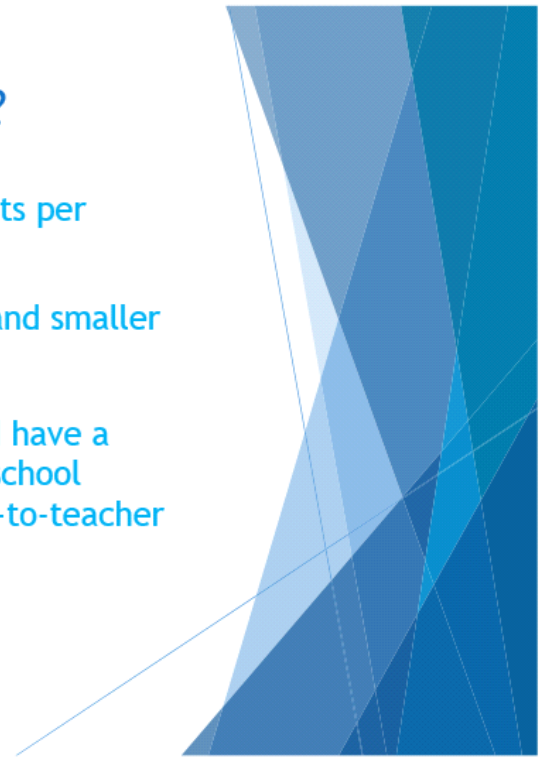
TTC = \$48,500 + \$14,065

TTC = \$62,565

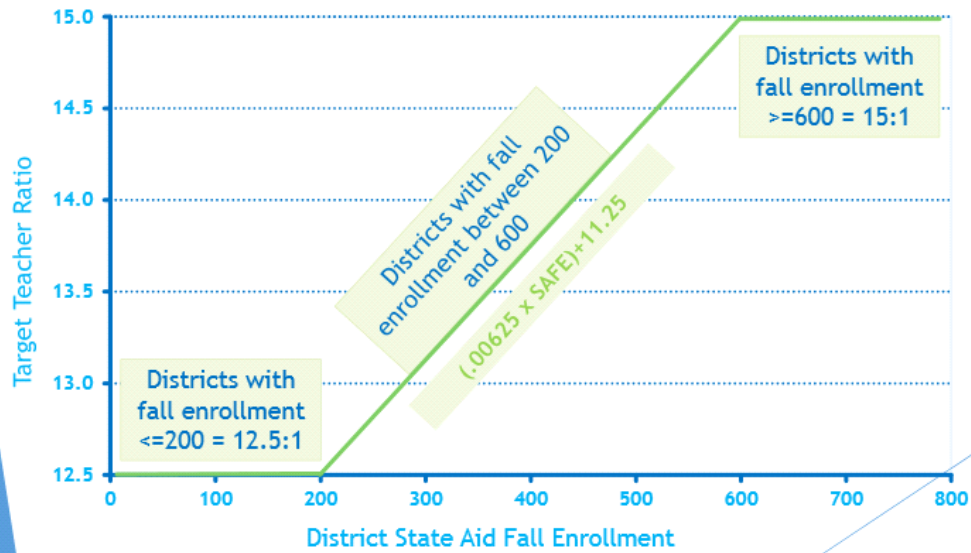


How Many Teachers Per District?

- ▶ The current statewide average is 14.0 students per certified instructional staff
- ▶ Typically, larger districts have a larger ratio and smaller districts have a smaller ratio
- ▶ In recognition of this, the new formula would have a sliding ratio, similar in concept to the small school adjustment, to determine the target student-to-teacher ratio



Target Teacher Ratio



Try It!

Target Teacher Ratio = $(.00625 \times \text{State Aid Fall Enrollment}) + 11.25$

Scenario 1: State Aid Fall Enrollment = 253

$$\text{TTR} = (.00625 \times 253) + 11.25$$

$$\text{TTR} = 1.58125 + 11.25$$

$$\text{TTR} = 12.83$$

Scenario 2: State Aid Fall Enrollment = 678

Since SAFE > 600, the Target Teacher Ratio would be 15

Determining the Formula Number of Teachers

The formula number of teachers can be calculated by dividing the state aid fall enrollment by the target student teacher ratio.

Number of K12
students
enrolled on the
last Friday in
September
(State Aid Fall
Enrollment)

÷

Target student
teacher ratio

=

Formula number
of teachers

Try It!

Scenario 1:

State Aid Fall Enrollment (SAFE) = 253

Target Teacher Ratio (TTR) = 12.83

Formula Number of Teachers (FNT) = SAFE / TTR

FNT = $253 / 12.83$

FNT = 19.72



Formula Total Teacher Compensation

Now that we know the target number of teachers and the target teacher compensation, we can calculate the total formula need for teacher compensation.



Try It!

Scenario 1:

Target Teacher Compensation = \$62,565

State Aid Fall Enrollment = 253

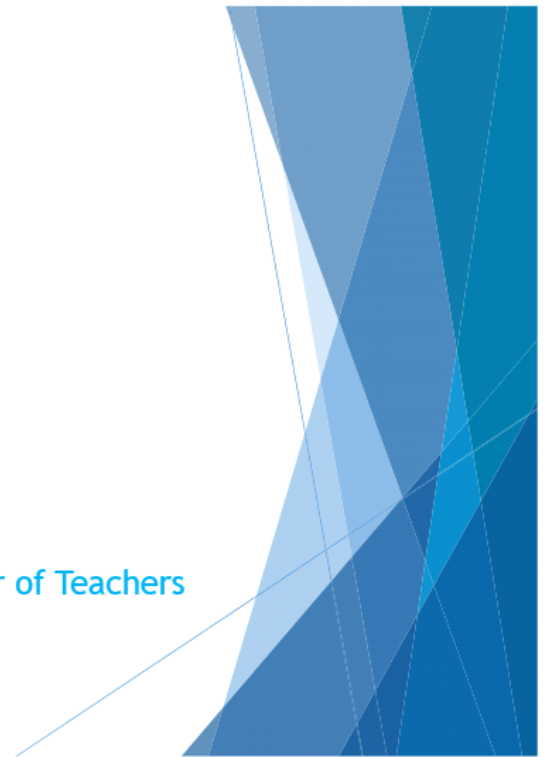
Target Teacher Ratio = 12.83

Formula Number of Teachers = 19.72

Formula Total Teacher Compensation =

Target Teacher Compensation X Formula Number of Teachers

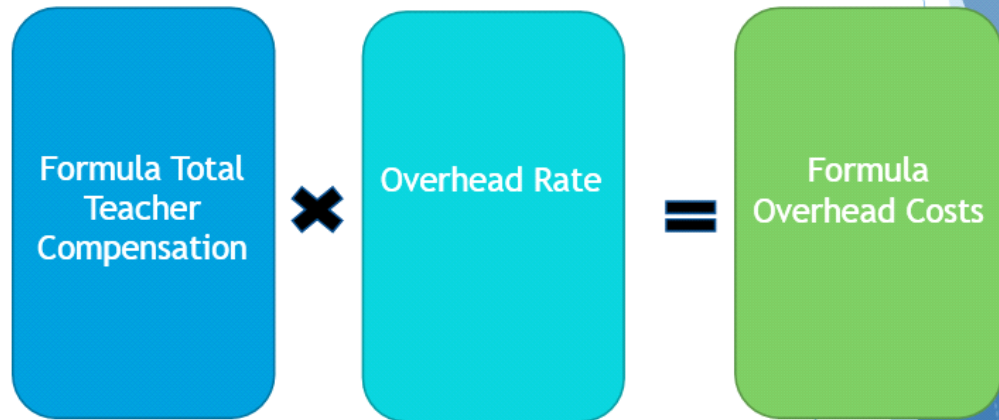
FTTC = \$62,565 X 19.72 = \$1,233,782



Additional Expenses

- ▶ The formula recognizes that there are costs in addition to teacher compensation
- ▶ The Overhead Rate provides funding through the formula for these additional costs
- ▶ The rate is set to maintain the calculated amount of non-teacher costs covered by the current formula based on 2014-15 data collected

Determining the Amount for Overhead



Try It!

Formula Total Teacher Compensation = \$1,233,782

Overhead Rate = 31%

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Formula Overhead Costs =

Formula Total Teacher Salary X Overhead Rate

FOC = \$1,233,782 X 31%

FOC = \$382,472



Formula Total Need

To find the total need for a school district, we would then add together the Formula Total Teacher Compensation and the Overhead Costs.



Try It!

State Aid Fall Enrollment = 253

Target Teacher Ratio = 12.83

Formula Number of Teachers = 19.72

Formula Target Teacher Compensation = \$62,565

Formula Total Teacher Compensation = \$1,233,782

Formula Overhead Costs = \$382,472

State Aid Formula Need =

Formula Total Teacher Compensation + Formula Overhead Costs

SAFN = \$1,233,782 + 382,472

SAFN = \$1,616,254



State and Local Effort

- ▶ The formula would continue to be a partnership between state revenues and local property taxes
- ▶ State is picking up new costs so a new state share will be determined

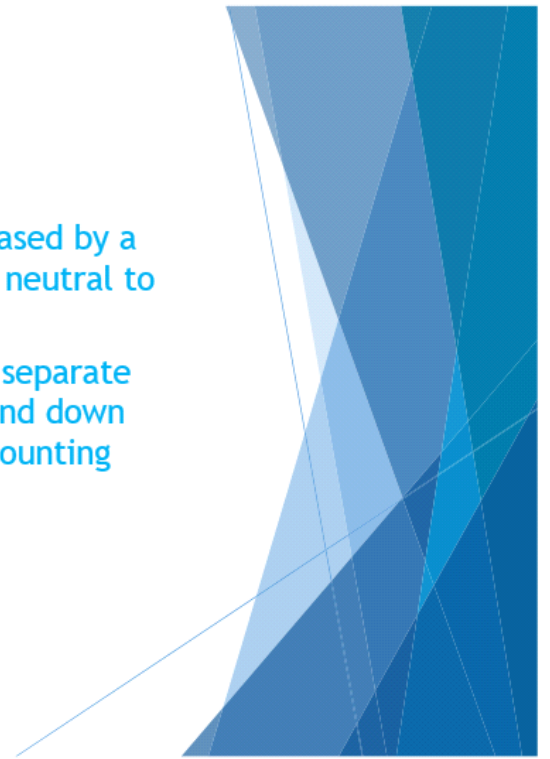


Fund Balance Caps

- ▶ Reinstate statutory caps on school district general fund reserves.
- ▶ Develop a tiered reserve caps system based on lowest of previous 3 year's enrollments.
 - ▶ Less than 200 40%
 - ▶ Between 200 and 600 30%
 - ▶ Greater than 600 25%
- ▶ Based on lowest monthly cash balance
- ▶ Districts that exceeds the reserve fund cap will have state aid payment reduced on a dollar-by-dollar basis.
- ▶ Phase in the caps over a three-year period.
- ▶ Establish an oversight committee to help districts with phase in strategies for reserve caps, and assist when unique circumstances arise that may make the caps unrealistic.

Pension Levy

- ▶ Eliminate the pension levy
- ▶ The general education levies should be increased by a commensurate amount so that the change is neutral to taxpayers statewide
- ▶ Districts would be allowed to maintain a separate pension fund for 5 years to allow time to spend down existing fund balances in the funds without counting against reserve fund caps



Questions?

